

VZCZCXRO6018
RR RUEHGA RUEHMT RUEHQU RUEHVC
DE RUEHHA #0073 3251916
ZNR UUUUU ZZH
R 201916Z NOV 08
FM AMCONSUL HALIFAX
TO RUEHC/SECSTATE WASHDC 1339
RUEHOT/AMEMBASSY OTTAWA 0566
INFO RUCNCAN/ALL CANADIAN POSTS COLLECTIVE
RHMFIUU/DEPT OF ENERGY WASHINGTON DC
RUEHHA/AMCONSUL HALIFAX 1427

UNCLAS HALIFAX 000073

SIPDIS

DEPARTMENT FOR WHA/CAN; EB/ESC/ISC; OES/OMC
USDOE FOR IA (DEUTSCH)

E.O. 12958: N/A

TAGS: [EPET](#) [ENRG](#) [EFIS](#) [SENV](#) [PGOV](#) [US](#) [CA](#)

SUBJECT: NOVA SCOTIA AWAITING NEW USG POLICY ON GEORGES BANK
DRILLING

¶1. High-level officials in the Nova Scotia Department of Energy told CG and visiting Canada Desk Director at a November 18 meeting that they are waiting to see how the new U.S. administration defines its policy on oil and gas exploration and drilling on Georges Bank as this could affect how the province formulates its own policy. Georges Bank is a lucrative offshore area located 100 miles off Cape Cod in the Gulf of Maine and is shared by the United States and Canada. Because of anti-drilling sentiment from U.S. and Canadian environmentalists and fishing interests, both countries have had drilling moratoria on their respective sides since 1988. Canada's current moratorium will expire in 2012 and the debate has already started on how the province should deal with the issue. At the same time, New England environmentalists and fishing industry stakeholders are pressing for a permanent ban on the U.S. side. How the new administration responds to those demands will be closely watched here.

¶2. As a minority government, the Government of Nova Scotia's (GoNS) current position on the moratorium is understandably cautious. Provincial Energy Minister Richard Hurlburt has publicly stated that his government believes the fishing and oil and gas industries can co-exist on the Bank, but also asserts that there needs to be increased dialogue on the issue. Like in New England, Nova Scotia's fishing industry and environmentalists are steadfast in their view that any drilling risks irreparable harm to the Bank. In fact, drilling opponents have already formed a lobby group which is readying for a high profile campaign should the province signal its intent to let the moratorium expire.

¶3. In our discussion, the GoNS officials asserted that, in the 20 years since the moratoria were established, the oil and gas industry has made notable progress developing environmentally responsible offshore drilling practices that minimize impacts on the marine environment. As an example, they pointed to Nova Scotia's already operating Sable Island offshore natural gas project on the Scotian Shelf, which has operated problem free for years. The officials are hopeful that these positive experiences will help convince exploration and drilling opponents to embrace the Minister's co-existence approach. Nova Scotia's energy sector shares this hope. The industry faces an uncertain future since they have identified fewer exploitable reserves than anticipated in and around the Scotian Shelf. Georges Bank, however, offers much potential. Scientists estimate the area contains one billion barrels of oil and 5.3 trillion cubic feet of natural gas, but they also see the need to do more modern assessments, especially in the deeper water around the Bank.

¶4. COMMENT: For now the province is anxious to see who gets the nod as the new U.S. Energy Secretary and what the appointment could mean for both sides of this issue. However, time is not on the province's side. Under the terms of the

moratorium legislation, the province must decide by June 2010 which of three options it wants to exercise: let the moratorium expire, enact another moratorium, or request a public review panel to make a recommendation by 2012 on how to proceed.

FOSTER